BC STATS
Province of British Columbia
Ministry of Finance and Corporate Relations

Infoline

Issue: **97-15** **7** Pages
April 11, 1997

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http://www.bcstats.gov.bc.ca

Report

Migration Outlook

BC at a glance . . .

POPULATION (thousands)	Jan 1/97	% change on year ago
BC	3,902.5	2.2
Canada	30,135.9	1.1
GROSS DOMESTIC PRODUCT		% change
(BC - at market prices - $ millions)	1995	on year ago
Current Dollars	103,273	4.6
Constant (1986) Dollars	74,107	1.9
TRADE ($ millions)		
Manufacturing Shipments (seas. adj.) Jan	2,839	3.8
Merchandise Exports (raw) Jan	2,091	10.5
Retail Sales (seasonally adjusted) Jan	2,815	9.7
CONSUMER PRICE INDEX		% change
(all items - 1986=100)	Feb '97	on year ago
BC	139.4	0.9
Canada	137.3	2.2
LABOUR FORCE (thousands)		% change
(seasonally adjusted)	Mar '97	on year ago
Labour Force - BC	1,985	1.4
Employed - BC	1,819	1.5
Unemployed - BC	167	0.4
		Mar '96
Unemployment Rate - BC *(percent)*	8.4	8.5
Unemployment Rate - Canada *(percent)*	9.3	9.4
INTEREST RATES (percent)	Apr 9/97	Apr 10/96
Prime Business Rate	4.75	6.75
Conventional Mortgages - 1 year	5.55	7.00
- 5 year	7.65	8.50
US/CANADA EXCHANGE RATE	Apr 9/97	Apr 10/96
(avg. noon spot rate) Cdn $	1.3876	1.3568
US $ *(reciprocal of above rate)*	0.7207	0.7370
AVERAGE WEEKLY EARNINGS		% change
(industrial aggregate - dollars)	Jan '97	on year ago
BC	616.83	3.9
Canada	594.44	4.0

SOURCES:
Gross Domestic Product: Statistics Canada, revised by BC STATS
Population, Trade, Prices, Labour Force, Earnings: Statistics Canada
Interest Rates, Exchange Rates: Bank of Canada Weekly Review

Oops!

An errant click of the mouse scheduled many of last week's transmissions for next year! We did not get them all out until Thurdsay—just in time for this issue. Sorry for any inconvenience.

First Census Figures Next Week

Data from the 1996 Census will start to flow on Tuesday, March 15. First out are population and dwelling counts. Next week's Infoline will contain a summary of the data for BC and its regions.

Released this week by BC STATS

- Exports (BC Origin), January 1997
- Tourism Room Revenue, November 1996

Next week

- Immigration Highlights, 1996 Annual

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Infoline Report:

BC Migration - Outlook for 1997

April 11, 1997

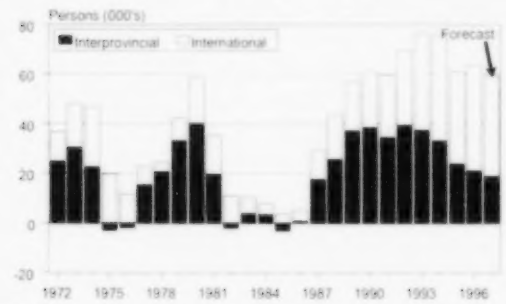
Reprinted from the Fourth Quarter 1996 issue of *Migration Highlights*. An annual subscription is $30 + GST.

Summary

During 1997, the population of British Columbia is expected to increase by 59,100 persons due to migration from other provinces and other countries. This is down from the 61,000 - 64,000 levels registered in the last two years and well below the record levels posted in 1993 (76,400) and 1994 (75,500). Both international and interprovincial migration are expected to be down 5 - 10% from their 1996 levels.

Figure 1

British Columbia Net Migration



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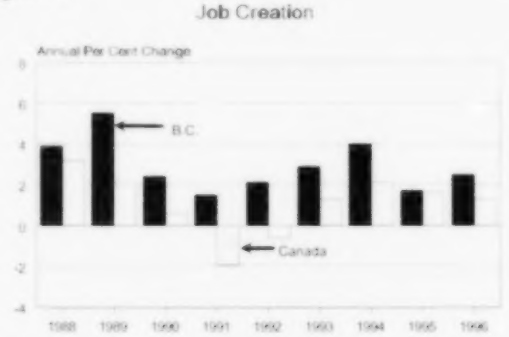
Some observers attributed the relatively good economic performance of British Columbia in last few years to the strong population growth resulting from high levels of migration from the rest of Canada and the rest of the world. Net inflows of population to B.C. strengthen consumer spending and residential investment. This increase in economic activity, in turn, creates jobs and income within the province. From 1989 to 1994, B.C. had the highest rate of job creation of any province in Canada, but in 1995 B.C.'s employment growth was only slightly above the national average. In 1996 employment growth was again well above the average for Canada. However, job growth for part-time work was stronger than for full-time work and the growth has been concentrated in industries which tend to have lower wages, instead of in the high-wage primary industries. The relatively strong employment growth has produced only a small drop in the unemployment rate (less than one percentage point in the last three years), because the labour force (those employed and unemployed) has expanded equally quickly.

Figure 2

Job Creation



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Given the impact of strong population growth on labour markets and overall economic performance, it becomes important to examine what is in store for migration to this province in 1997. As can be seen from Figure 1, net migration to British Columbia has been quite volatile over time. The record high net inflow during 1993 of 76,400 persons is in sharp contrast to the low of 500 experienced during 1985. This volatility is one of the reasons why it is difficult to accurately predict migration. Most researchers would agree that the first step to forecasting migration is to isolate the factors that influence migration, then attempt to predict those factors. The task of isolating these factors is simplified by separating migration into the international and interprovincial components.

International Migration

Net international migration to British Columbia is driven largely by federal government policy with respect to immigration. The federal government sets an overall annual immigration planning level for Canada. These planning levels are not intended to be rigid quotas and actual immigration may exceed the planning level. In 1990, the federal government released a policy document that set out immigration planning levels for the 1991 to 1995 period. In November 1996 the planning level was established for 1997 at 195,000 - 220,000 persons, the same as in the previous year. Starting with 1996, the balance

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between the economic, family and other immigrant components has shifted with more emphasis being placed on the economic group. The long term goal of immigration policy, as stated by Citizenship and Immigration Canada, is to set immigration levels at approximately one per cent of Canada's population.[1]

The planned immigration intake since 1984 is given in Table 1 along with the actual immigration. As can be seen from the table, the actual immigration intake for 1994 was well below the planning level and subsequent planning levels have been lower. The steady increase in immigration to Canada experienced since the mid 1980's has levelled off over the last few years, and immigration to Canada in 1997 is expected to be in the same range as in the last three years.

Table 1

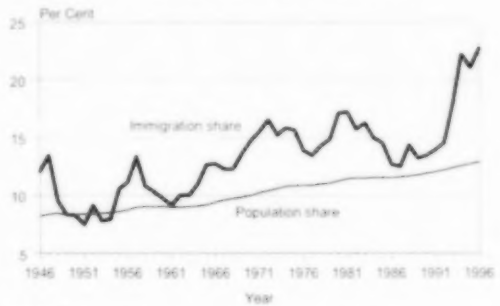
Canadian Immigration

Year	Planning Level (000's)	Actual (000's)	B.C. Share (%)
1984	90-95	88	14.9
1985	85-90	84	14.5
1986	105-115	99	12.7
1987	115-125	152	12.4
1988	125-135	162	14.3
1989	150-160	192	13.2
1990	200	214	13.4
1991	220	225	13.9
1992	250	253	14.3
1993	250	255	17.9
1994	250	223	22.0
1995	190-215	212	21.0
1996	195-220	221	22.7
1997	195-220		

Starting in 1994, British Columbia has experienced a significant increase in its share of immigrants coming to Canada. In 1996, the 1994 record high intake for B.C., both in terms of numbers and share has been matched. The only other period where B.C. experienced an immigration intake share in excess of 17 per cent was during 1980 to 1981, which was due to a one time influx of refugees from Vietnam (the "Boat People" crisis). The current dramatic increase in share cannot be attributed to any one country, but rather appears to be a general increase from all world areas. In effect, it would appear that since 1994, B.C. has become a more attractive immigrant destination relative to central Canada.

Figure 3

B.C. Share of Immigrants to Canada



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This increase in the proportion of immigrants choosing B.C. as a destination in 1994 may have been due to the perception of a higher level of economic activity in B.C. relative to central Canada. The reverse situation occurred during the early 1980's when B.C.'s share of Canadian immigrants dropped to the 12 per cent range due to the relatively favourable economic conditions that existed in Ontario at that time. It appears that B.C.'s higher share of immigration in the past three years is partly a result of lower immigration to Quebec. Quebec, which is the only province to have responsibility for the selection of some classes of immigrants, has dropped its share of immigration from 17 per cent in 1993 to around 13 per cent in the last three years. Since Quebec does not plan any increase in its immigration intake in 1997, it is likely that B.C.'s share of Canadian immigration in 1997 will remain high at around 22 per cent. **As a result, the 1997 forecast of net international migration to British Columbia is 40,100 persons**.

Interprovincial Migration

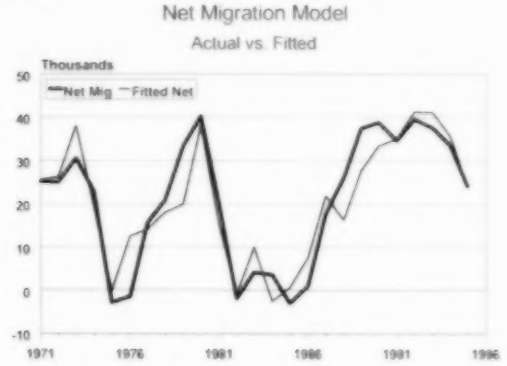
Unlike international migration, interprovincial migration is not governed directly by government policy, but rather is influenced by a wide variety of economic, demographic, social and political factors. Many view interprovincial migration as a combination of "push" factors that pressure a

[1] Source: Plan 1995-2000, Annual Report to Parliament, Citizenship and Immigration Canada.

migrant to seek better opportunities, and "pull" factors that attract a migrant to a particular location. Consequently, movement between provinces under this Push-Pull hypothesis results from differences in economic and non-economic conditions in respective regions.

As noted above, the factors that draw Canadians to British Columbia are both economic and non-economic in nature. Non-economic factors such as climate or life-style are slow to change. Hence, it is the economic factors, or more specifically, the relative economic conditions between British Columbia and the other provinces, in particular Alberta and Ontario, that must be considered when predicting changes to B.C. net interprovincial migration.

Figure 4



Statistical analysis indicates that over the past thirty years, fluctuations in British Columbia net interprovincial migration have been correlated to a significant degree with relative differences in the British Columbia/ Alberta and British Columbia/Ontario unemployment rates, as well as with differences in the growth of the British Columbia economy relative to the rest of Canada, as measured by real Gross Domestic Product[2]. As can be seen from Figure 4, these variables, when combined in a regression equation, can predict with reasonable accuracy the actual net interprovincial migration for B.C.

Many other economic factors likely play a role in influencing population movement (e.g. housing prices); however, in many instances empirical data on these factors are not available for a sufficient historical period to conduct statistical analysis. In addition, in order to forecast migration, consideration must be given to the practicality of forecasting the theorised determinants of migration. Both these constraints put limits on the number and type of variables considered as drivers of interprovincial migration. Consequently, the factors noted above do not uniquely describe interprovincial migration flows, but rather are the ones that fit the criterion of statistically significant correlation with past migration flows, and have the potential to be forecast themselves.

Figure 5

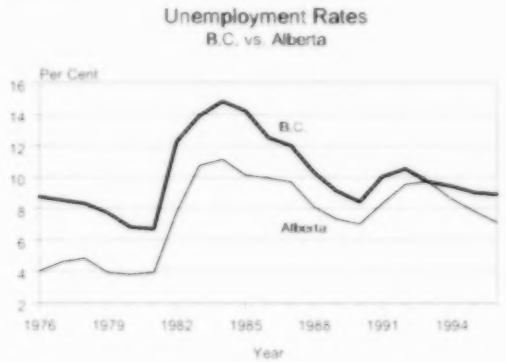


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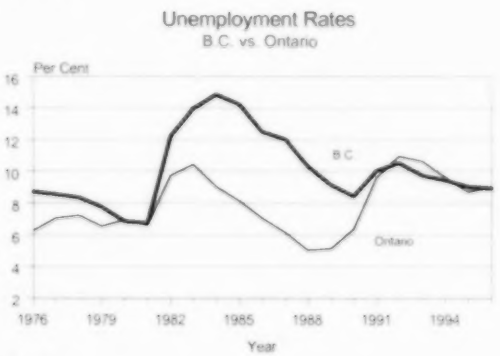
Figure 6



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As indicated by Figures 5 and 6, the recent levels of interprovincial in-migration from Alberta, Ontario and the rest of Canada are largely a re-

2 See "*An Econometric Model Describing the Movement of the Population Between British Columbia and the Rest of Canada*", McRae and Schrier, Population Section, *BC STATS*, Province of British Columbia, October 1996.

flection of the relative unemployment rates. Over the last twenty years with the exception of 1993, B.C. has always had a higher unemployment rate than Alberta (2.6 percentage points on average), but for most of that period, B.C. has received population from Alberta, the exceptions being the mid seventies and early eighties when the differential reached the 4 to 5 percentage point mark. During 1996, the difference between Alberta and B.C. increased to 1.8 percentage points. As a result, the migration flow from Alberta to B.C. fell dramatically, from 9,100 in 1994 to 1,200 in 1996.

Similar to Alberta, over the last twenty years, B.C. has generally had a higher unemployment rate than Ontario (2.2 percentage points on average), but for most of that period, B.C. has also received population from Ontario, with the exception of the mid eighties when the unemployment rate spread reached 6 percentage points. For most of 1992, 1993 and 1994, this differential reversed with B.C. recording a lower unemployment rate (0.9 percentage points in 1993), which contributed to the unusually high net inflow of population to B.C. from Ontario in 1992 and 1993. By the end of 1994 the Ontario unemployment rate had fallen slightly below the B.C. rate and migration from Ontario dropped off considerably. The decline in migration continued into 1995, as the Ontario unemployment rate was slightly below the B.C. rate. During the first part of 1996, the Ontario unemployment rate returned to levels above the B.C. rate and net migration from Ontario strengthened. However, by the end of the year Ontario's rate had fallen below B.C.'s and migration started to slow. Looking ahead to 1997, it is unlikely that there will be any significant increase in migration from Ontario.

Given the above considerations, net interprovincial migration to British Columbia during 1997 is expected to decrease to 19,000 persons from the 1996 level of 21,150 persons.

Risks to the Forecast

The main risk to the 1997 migration forecast is the interprovincial component. Migration from other provinces, especially Alberta, fell more than expected in 1996. It does not appear likely that there will be a reversal of this trend in 1997, but many factors have an influence on decisions to migrate to another province.

Another uncertainty is the level of Canadian immigration and B.C.'s share of that immigration. Proposed changes to immigration programs, selection criteria and settlement services may have an impact on the share of some classes of immigrants, in particular investors and skilled workers, coming to this province.

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highlights

April 11, 1997
Issue: 97-15

a weekly digest of recently released British Columbia statistics

Business and Economics

- **After posting strong gains in January (+31.0%, year-over-year), new motor vehicle sales in the province rose more moderately (+6.1%) in February.** Sales of North American-made vehicles were down 0.3%, but sales of vehicles manufactured overseas surged ahead for the second consecutive month, increasing 59.0% over the February 1996 level. The back-to-back increases reversed a steady downward trend that began in 1993, and brought sales of overseas-made vehicles back up to levels not seen since 1995.

  Nationally, new vehicle sales were up 9.9% in February, with the strongest gains occurring in Newfoundland (+23.6%), Prince Edward Island (+17.8%) and Alberta (+16.7%). Sales increased in all provinces except Nova Scotia (-2.4%) and New Brunswick (-1.7%). *Source: Statistics Canada*

- **Truck sales were neck-and-neck with new car sales in February, as 6,353 cars and 6,113 trucks were sold in British Columbia in that month.** Historically, car sales have outnumbered truck sales almost two to one. However, during the last ten years, minivans and sport utility vehicles have made significant inroads into the new vehicle market and last year, truck sales (73,600) exceeded car sales (70,100) for the first time ever.
  Source: Statistics Canada

- **The value of building permits issued by BC municipalities rose 9.8% (seasonally adjusted) in February.** The increase was mainly due to a resurgence in the residential construction sector, as planned investment in residential construction was up 13.2% over January. Non-residential construction intentions rose only marginally (+1.7%).

  BC's 9.8% increase was double the national average (+4.7%). New Brunswick (+40.3%) led the provinces, with strong gains in both the residential (+56.0%) and non-residential (+11.3%) sectors. Manitoba (+16.2%), Nova Scotia (+13.8%) and Quebec (+11.6%) also posted double-digit increases in February. The value of building permits rose only moderately in Ontario (+1.0%) and Alberta (+2.5%), and declined in all other regions of the country. *Source: Statistics Canada*

Housing

- **Housing starts in British Columbia remained volatile in March, decreasing 20.1% (seasonally adjusted) after a 40.3% increase in February.** As a result of last month's decline and a weak performance in January, housing starts in the province for the first quarter of 1997 were down 2.2% from the fourth quarter of last year. BC was the only region of Canada where housing starts fell in the first quarter. Canadian starts were up 19.1%. In Atlantic Canada, housing starts rose 75.5% during the first three months of 1997, and they were up 52.3% in the Prairies. Growth was more moderate in Ontario (+16.7%) and Quebec (+14.4%).

  It is not yet known how much of a dampening effect the recent rise in mortgage rates will have on the housing market. The introduction of a harmonized sales tax in Atlantic Canada, which is expected to increase labour and land costs, but decrease the cost of materials, is also expected to affect housing starts in that part of the country. *Source: Canada Mortgage and Housing Corporation*

- **The cost of new housing in British Columbia continued to decline in February.** The new housing price index (NHPI) for Vancouver was down 4.1% from the February 1996 level, and Victoria's NHPI fell 4.0% during the same period. The NHPI for Victoria now stands at 108, indicating that the cost of a new home in the capital city is only 8% higher than in 1986. Vancouver's NHPI stood at 127 in February.

For data originating from Statistics Canada: data sourced to 'Statistics Canada' has been retrieved from CANSIM, the agency's electronic database; otherwise the source is identified as 'SC' plus the publication name or catalogue number.

Did you know...?
There were 1.6 million licensed passenger vehicles in BC on December 31, 1996. That's one car for every two adults (aged 15 and over) in the province.

While new house prices in BC continued to drop, the cost of new housing in the rest of the country showed signs of recovery. In February, the Canadian NHPI was unchanged from February 1996. This was the first time since July 1994 that the Canadian NHPI has not declined. The cost of new housing rose in most major Canadian cities. Vancouver (-4.1%), Victoria (-4.0%), Quebec (-1.8%) Saint John-Moncton-Fredericton (-1.1%), Saint John's (-0.8%) and Kitchener-Waterloo (-0.7%) were the only exceptions. *Source: Statistics Canada*

Social Trends

- **From 1987 to 1993, an estimated 829,200 legally married Canadians with children separated.** The separations involved 963,000 dependent children under the age of 18. One year after separation, 89% of women, and 36% of men, were living with children under the age of 18. Thirty percent of men and 26% of women formed a new relationship in the year following separation. *Source: SC, The Daily*

- **One year after separation or divorce, Canadian women experienced a median loss of 23% in after-tax family income (adjusted for the number of family members), while the income of men increased 10%.** In dollar terms, the median loss (including the payment and receipt of support payments) for women was $3,900, and the gain for men was $2,000. The median is the point which separates the lower 50% of income gains or losses from the higher ones.

  The main reason for the difference is that women tend to earn less than men, and thus lose a major source of financial support when they separate from their spouses. In addition, women usually have custody of children upon separation. However, 5 years after separation, the relative income gains or losses were moderated. Women were 5% ($1,000) below their pre-separation adjusted family income, while the income of men rose 15% ($2,800).

  Women who became single parents experienced a median 31% ($5,700) loss in their income by the end of the first year after separation. For single fathers, the median income change was 1% ($100). Both women and men who entered new relationships were financially better off after a year of separation from their previous spouse. The median gain for women was $1,300, or 8%. This compares to a median gain for men of $2,100 (11%) one year after separation. *Source: SC, The Daily*

Education

- **The number of registrations in non-credit continuing education courses at BC universities rose 1.8% to 78,010 in 1995-96.** Nationally, registrations in continuing education courses were down 2.5% from the previous year. Registrations declined in Quebec (-2.5%) and most of Atlantic Canada. Alberta recorded a sharp drop (-20.7%) in registrations due to fewer courses being offered and reduced registration at the larger universities.

  Continuiung education is more popular in BC and the other western provinces than in most other parts of the country. In 1995-96, one in five Canadian registrants in non-credit courses were British Columbians. This translates into 26 registrations in continuing education for every 1,000 adults (15 and over) in the province. This was higher than in any other province except Saskatchewan (33) and Nova Scotia (30). Manitoba (25) and Alberta also had registration rates that were well above the national average (15 per 1,000 adults).

  Business was the most popular course type, accounting for 20% of all Canadian continuing education registrations. Computer Science (9%), English (8%) and Liberal Arts (8%) courses were also popular. Fees for non-credit continuing education courses ranged from no charge to more than $5,000. The average fee (weighted by registrations) in 1996 was $318, an increase of 6% over the previous year. *Source: SC, The Daily*

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